

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6270**

**BILL NUMBER: SB 12**

**NOTE PREPARED:** Nov 20, 2007

**BILL AMENDED:**

**SUBJECT:** Credit for Excessive Property Taxes.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill allows a credit for excessive property taxes beginning in 2010 with respect to: (1) homesteads in the amount by which taxes exceed 1% of assessed value; (2) all other residential property in the amount by which taxes exceed 2% of assessed value; and (3) nonresidential real property and personal property in the amount by which taxes exceed 3% of assessed value. The bill specifies the extent to which land assessments are eligible for a credit. The bill also repeals obsolete provisions and makes conforming amendments.

**Effective Date:** January 1, 2009.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, the property tax circuit breaker credit applies only to homesteads in 2008 and 2009. The credit equals the amount by which net taxes exceed 2% of gross assessed value. The credit is reduced by the amount of the credit that would otherwise be attributable to the school general fund. After 2009, the circuit breaker credit will apply to homesteads at the 2% gross AV threshold and to all other real and personal property at a 3% gross AV threshold.

Also under current law, beginning in 2008, a county or two or more political subdivisions that will have their property tax collections reduced by at least 2% in a year as a result of the application of the circuit breaker

credit may petition the circuit breaker relief appeal board for relief from the application of the circuit breaker credit.

This bill would make changes to the circuit breaker credit beginning in CY 2010. The circuit breaker would apply to homesteads at a 1% gross AV threshold, other residential property at a 2% gross AV threshold, and all other real and personal property at a 3% gross AV threshold. There would be no adjustment for credit amounts attributable to the school general fund.

The cost of the circuit breaker would increase, beginning in CY 2010, by an estimated \$1,103 M to a total of \$1,483 M, statewide. Circuit breaker credits reduce local revenue. Additional credits further reduce revenues.

**State Agencies Affected:**

**Local Agencies Affected:** Local civil taxing units and school corporations.

**Information Sources:** Parcel-level assessment and tax data.

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.